

DEPARTMENT OF AGING

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PROGRAM MEMO

TO: AREA AGENCIES ON AGING (AAA)	NO.: PM 04-09 (P)
SUBJECT: Fiscal Year 2004-05 Health Insurance Counseling and Advocacy Program (HICAP) Planning Estimates, Budget Form (CDA 229), and Budget Instructions	DATE ISSUED: April 30, 2004
	EXPIRES: June 30, 2005
REFERENCES: Older Californians Act, Welfare and Institutions Code 9100, et. seq.	SUPERSEDES: N/A
PROGRAMS AFFECTED:	
<input type="checkbox"/> All <input type="checkbox"/> Title III-B <input type="checkbox"/> Title III-C1/C2 <input type="checkbox"/> Title III-D <input type="checkbox"/> Title III-E <input type="checkbox"/> Title V <input checked="" type="checkbox"/> HICAP <input type="checkbox"/> MSSP <input type="checkbox"/> Title VII <input type="checkbox"/> ADHC <input type="checkbox"/> Other: _____	
REASON FOR PROGRAM MEMO:	
<input type="checkbox"/> Change in Law or Regulation <input type="checkbox"/> Response to Inquiry <input checked="" type="checkbox"/> Other Specify: <u>Transmit HICAP Planning Estimates</u>	
INQUIRIES SHOULD BE DIRECTED TO: Your Assigned Fiscal Team Specialist	

The purpose of this Program Memo (PM) is to transmit your HICAP Planning Estimate (PE), the new HICAP Budget (CDA 229), and budget instructions for State Fiscal Year (SFY) 2004-05. The new PE, budget, and budget instructions are based on the Governor's SFY 2004-05 budget, which proposes block granting Community-Based Services Programs (CBSP), except for HICAP. In addition, this PM contains allocations that reflect new federal funds recently made available to implement the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) [Public Law 108-173], as well as new State funds, as described below. The HICAP allocation has been increased for SFY 2004-05 as follows:

ENACTMENT OF SB 413

State funding for HICAP has been increased for SFY 2004-05 by \$485,000 (\$162,000 through the HICAP Fund and \$323,000 in reimbursements from the Insurance Fund). This increase implements SB 413 (Chapter 545, Statutes of 2003), which increased funding from the HICAP Fund and restored prior reductions in federal funds.



FEDERAL STATE HEALTH INSURANCE AND ADVOCACY PROGRAM (SHIP) ONE-TIME-ONLY FUNDS

The MMA provides the most significant changes to Medicare since its inception in 1965. One of the significant changes is the Medicare Drug Discount Card (DDC) Program as a temporary transition to the permanent drug purchasing benefits to come later. Medicare beneficiaries were mailed letters notifying them of the DDC marketing that would commence April 2004, with enrollment taking place in May 2004, and benefits beginning in June 2004. This program and allocation of funds is temporary and will terminate in January 2006, when the new permanent Medicare Part D Drug Benefit begins.

The federal Department of Health and Human Services (HHS) announced on March 10, 2004 that it would award nationally \$21.1 million this year and another \$31.7 million next year to state and local programs that counsel Medicare beneficiaries to help them understand and take advantage of these new Medicare benefits. These activities may include, but are not limited to:

- Increasing recruitment, training, and supervision of volunteer counselors to ensure the information they provide to Medicare beneficiaries continues to be accurate and timely;
- Expanding the number of counseling locations in areas near low-income and hard-to-reach beneficiaries;
- Increasing access to Web-based information and tools, including standard Center for Medicare Services (CMS) training and comparison tools;
- Improving local site telephone service capacity; and
- Improving other activities that support implementation of the MMA, such as improving information technologies.

CDA was notified March 29, 2004 that the California Federal SHIP Grant Award for 2004 would total \$814,557. This is \$183,252 more than each of the previous two years of federal SHIP baseline funding. This fund increase, and any subsequent increase in 2005, is limited to the transition period of April 2004 to January 2006 for assisting Medicare beneficiaries to understand and take advantage of the new DDC Program, until the new Medicare Part D begins. The increased funds are **one-time-only** and are not intended as an increase to the ongoing base SHIP allocation. Anticipating that CMS will make funds available again in 2005, the attached allocations are for **five** quarters (one quarter for the balance of SFY 2003-04, April through June, 2004, and four quarters of SFY 2004-05). The funds are being separately allocated in equal amounts; one-half of the increase is by a flat rate amount, and one-half by the latest Medicare beneficiary enrollment data for California counties.

This allocation methodology assures two outcomes:

- HICAP providers with lower Medicare beneficiary populations will receive some support to secure temporary resources and develop strategies to address some of the increased service demands.
- All HICAP providers will receive some support in direct proportion to the Medicare beneficiary population residing within their contracted service area.

Area Agencies on Aging (AAA) should work closely with their HICAP service providers to assess funds available and activities to be conducted during the current SFY. Since these additional funds will not be available until SFY 2004-05 and DDC activities may be performed in existing HICAP service categories, CDA expects that **all available SFY 2003-04 funds will be fully expended** to meet the immediate increase in demand for DDC related services. By providing maximum service performance flexibility in responding to increase service demands in SFY 2003-04, there should be **no carryover** of HICAP funds reallocated as one-time-only in SFY 2004-05. When FY 2004-05 contracts are fully executed (some time between July and September), the DDC Program transition funds will be available for continued support of HICAP service providers responding to increased service demands.

Even though these particular additional federal funds may be used in the same way current funds are applied, HICAP providers should keep a general record of what goods and/or services were purchased with the additional funds (e.g., additional personnel time or overtime, technology improvements, increased travel expenditures, phone and other services, equipment, etc.) to help with next year's planning efforts. CDA will ask AAAs to forward this information in the closeout process. Any future additional federal funding is likely to be restricted for specific purposes, such as specialized outreach, and will therefore be evaluated for effectiveness in accordance with federal requirements. Please direct any questions regarding the federal SHIP one-time-only increase of funds to Steve Miars at (916) 323-4356 or smiars@aging.ca.gov.

NEW HICAP BUDGET (CDA 229)

A new HICAP Budget (CDA 229) and budget instructions have been created using the same format as the prior CBSP Budget (CDA 263), and consist of a Summary, Administration, Direct Services, and Contracted Services page. The Performance Estimate page will no longer be required. Budgeting for block granted CBSP programs have been incorporated into the Area Plan Budget (PM with instructions to follow).

Electronic copies of the new HICAP Budget form (CDA 229), in Excel format with formulas, will be emailed to AAA Fiscal Officers simultaneously with the release of this PM. Also, as a reminder, all PMs are available on the CDA web site, although fiscal attachments may not contain automated formulas. (See www.aging.ca.gov, "Services and Program," "Area Agencies on Aging," "AAA Personnel Only: AAA Business Index," "Program Memos.")

MONTHLY FISCAL REPORTING

Monthly fiscal reporting requirements for the HICAP have not changed. AAA's shall continue to use, monthly, the Detailed Expenditure Data File (CBSP 107) to submit **only** HICAP expenditures. AAA's may continue to request a yearly advance of up to 25% of their HICAP allocation, if needed, by submitting a Request For Advance Data File (CBSP 108). Note: If an advance is requested, it must be passed on to the service provider. All data files shall be electronically submitted to the Fiscal & Contracts Team, using the Team's CBSP e-mail boxes.

Expenditures related to the MMA funding should be combined with expenditures for the SHIP Base funding and reported on the monthly CBSP 107. While we will not be tracking monthly expenditures specific to the MMA funds, AAAs will be required to report total expenditures for MMA on the HICAP Financial Closeout Report.

Note: AAAs shall report expenditures and request funds for the State Funded Consolidated Block Grants (formerly authorized CBSP) using the Title III/VII reporting process (budget and reporting instruction issued in a separate PM).

BUDGET DUE DATE

The HICAP Budget (CDA 229), which incorporates the attached HICAP Planning Estimate, is due to your Fiscal Team Specialist **as soon as possible, but no later than 30 days from the date of this PM**. Budgets must be submitted electronically to the Fiscal Team, using the CBSP fiscal mailboxes.

Original Signed by Lynda Terry

Lynda Terry
Director

Attachments